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## STUART DEFENDS TAX SEGREGATION

Despite Attacks, Governor Is  
Fully Convinced of Equity  
of New Laws.

### WHY INTANGIBLES ARE TAXED

State Gets More Revenue After  
50 Per Cent Cut in  
Tax Rate.

Renewing his expression of confidence in the equity of the tax laws of Virginia, which he declared have nothing in them that does not square with the highest principles of right and justice, Governor Stuart yesterday afternoon told the thirty examiners of records and members of the State Tax Board assembled in Eugene's Hotel that he would remain uninfluenced in the enforcement of the law during the rest of his term.

Without any show of hostility toward those who have openly criticized the operation of the partial system of segregation now in vogue in Virginia, or without indulging once in anything resembling personal allusions, as Governor, who, by reason of his office, is chairman of the State Tax Board, and who is chiefly responsible for the revised tax laws of the State, made it very plain that his first convictions upon the tax question are still unshaken, and that he will continue to stand by them.

### DEPENDS SO-CALLED INQUISITORIAL POWERS

Justifying first the principles upon which the system is based and disposing of criticisms often repeated as to the justice of some phases of the law, particularly the so-called inquisitorial powers which are conferred upon examiners of records, the Governor defended the business soundness of the system with the statement that, under its operation, the State is now getting more revenue than it ever did before, after making a 50 per cent reduction in the rate of taxation.

The Governor said that he did not pretend to free the tax laws of the State are free from criticism. No human institutions ever have been. In common with practically every measure devised by man, the tax laws of Virginia, he said, still have in their defects, some of them very grave, which must be corrected by the next Legislature. Some of these necessary amendments he has already decided upon, and will recommend them to the consideration of the General Assembly at its next session.

### ASSEMBLY IS UNIQUE IN STATE'S TAX HISTORY

The assembly to which the Governor spoke is unique in the history of the State. During all the years of the Commonwealth, there has never before been gathered at the Capitol such an array of officers charged with the duty of enforcing the State's tax laws. In the assembly were the Governor and the other two members of the State Tax Board—Christopher B. Garnett, chairman of the State Corporation Commission, and Lee Moore, Auditor of Public Accounts—Oscar L. Shew, make, counsel and executive assistant to the board; Attorney-General John Garland Pollard, and thirty of the thirty-one examiners of records in the State. The meeting was called for the general discussion of tax questions, and will continue through to-day.

The Governor expressed little patience with those who direct criticisms at the "inquisitorial" powers conferred under the new tax laws.

"As a general rule," he said, "those people who are afraid of inquisitorial methods are the very ones who themselves ought to be inquired into. The trouble is that they have lived for so long without any inquisitorial method that they think they are hedged about with a divine right. Once they are made to pay, they may begin to like it just about as well as the rest of us."

### NO JUSTIFICATION FOR EXEMPTING INTANGIBLES

"As the law now stands, there is not the smallest justification of the complaint against taxing intangibles. There is nothing in it that does not square with the highest principles. The only way to get rid of the tax on intangibles and real estate was so obviously unequal that the only redress left to holders of such property was in keeping it back. That inequality has largely been done away with under the new laws, and the two classes are now upon an equal footing as possible. A further reduction of the rate of taxation on moving property may be feasible. That question will receive the earnest attention of the next Legislature."

"One criticism of the rate imposed by the law upon intangibles and the earnest way in which the examiners of records are going about collecting the tax upon that property is that it is driving wealthy people from the State. If that is true, it is a deplorable fact. We don't want to lose any valuable citizen. But that fact does not change the equity of the law. As for myself, I shall remain uninfluenced in its enforcement."

### NO MAN MORE ABLE TO PAY THAN OWNER OF INTANGIBLES

"No man is more able to pay taxes than is the holder of intangible property, and he is the last man to become the object of sympathy. For years and years this class of taxpayer was almost immune from sharing in the upkeep of the government. Actually, there was a waste to the State of Virginia of taxes on \$200,000,000 worth of property. The cry was that the rate was unjust when compared with that upon real estate, which was assessed at a much lower figure. Much of that was true. But the law has been changed, with equalization in view, and that position is no longer tenable. Where the holder of intangibles was once taxed at a rate of 1.75 per cent, the State and the locality can now assess no more than 95 cents."

"The effect of the new law is to

(Continued on Second Page.)

## Yarrowdale's Men Finally Released

American Prisoners Leave Brandenburg Camp for Switzerland.

[By Associated Press.]  
BERLIN, March 8 (via wireless to Tuckerton, N. J., March 9).—Fifty-nine Americans taken from vessels sunk by the German raider in the South Atlantic and brought to Swinemunde on January 1 on board the captured British steamer Yarrowdale were released from quarantine to-day, and left at 4 P. M. for the Swiss frontier. The route over which they departed was the one chosen for their return by the United States government.

News of their impending release was conveyed to them in the detention camp at Brandenburg yesterday by the Associated Press correspondent. Their attire and wardrobes hardly qualified them for a walk up Fifth Avenue, but the information that their quarantine had ended, and that they would soon be homeward bound elicited an instant cheer. Most of them were seamen, and were unaware that the Georgic and Mount Temple, on which steamers they had shipped, were armed merchantmen and were considered by Germany as fair prizes of war. The majority of them live in Boston, Brooklyn or Philadelphia. Their detention for the last few days was due to the presence of spotted typhoid fever in their camp.

### INCIDENT WILL BE CONSIDERED CLOSED

[By Associated Press.]  
WASHINGTON, March 9.—Although the latest State Department dispatches to-day did not announce the actual release of the Yarrowdale prisoners, an official dispatch, dated March 7, said they "soon were to be released," and officials here believe the long controversy over their status is about to be brought to a satisfactory conclusion. Within a few hours they should be out of German territory, and the department has indicated that with that accomplishment the incident would be considered closed.

### FERGUSON RE-ELECTED

Directors of Newport News Shipbuilding Plant Support Decision to Care for Government Work.

[By Associated Press.]  
NEWPORT NEWS, Va., March 9.—President Homer L. Ferguson and other officials of the Newport News Shipbuilding and Dry Dock Company were re-elected to-day at the annual directors' meeting held in New York, according to advices received here to-night. The directors stood squarely behind the president in his recent decision to care for the loss which will be incurred by turning down contracts for merchant vessels.

President Ferguson offered to build two battle cruisers or their equivalent. This would mean construction of two new shipways and other improvements at a cost of nearly \$1,000,000.

### WOULD AVOID WAR

Peace Foundation Wants Joint High Commission to Settle Differences With Germany.

[By Associated Press.]  
NEW YORK, March 9.—A resolution advocating appointment of a "joint high commission to endeavor to settle the questions at issue between our government and Germany" was adopted at a mass-meeting here to-night under the auspices of the Emergency Peace Foundation. Another resolution called upon President Wilson to summon "all the great powers to discuss plans for organizing and continuing peaceful relations between nations."

A message was read from William J. Bryan, in which he said he did not believe the government should arm vessels carrying munitions.

### OWED BANK \$170,000

Testimony in Charges Brought Against Governor of Texas Shows Big Indebtedness.

[By Associated Press.]  
AUSTIN, TEX., March 9.—H. C. Poe, former president of the Temple, Texas, State Bank, testified to-day before the House committee investigating charges brought against Governor James E. Ferguson, that at one time the Governor's indebtedness to the bank reached practically \$170,000, and finally reached such a point that he notified the Governor he would be compelled to put a stop to it. He also declared that the Governor's notes were not adequately secured. Poe succeeded Governor Ferguson as president of the Temple Bank.

### CHILDREN ACT FOR MOVIES

Some of Pupils of New York City Schools Earning Large Salaries in New Jersey.

[By Associated Press.]  
NEW YORK, March 9.—Investigation of the absence of children from several of the city's schools has disclosed that some of the pupils are earning large salaries for acting in moving-picture studios in New Jersey. The board of education has instituted legal action against some of the parents. One woman received \$30 a day for the services of six children, according to investigators, and other boys and girls are earning from \$60 to \$75 a week.

### PRESIDENT STILL IN BED

Fever Disappears, but Dr. Grayson Insists on Another Day of Complete Rest.

[By Associated Press.]  
WASHINGTON, March 9.—President Wilson probably will be confined in bed at least one more day because of the cold from which he has been suffering since Monday. Dr. Cary T. Grayson, his physician, said to-night that, although his fever had disappeared, he thought it better that the President rest completely for at least another day.

## BOTH SIDES HOPE TO CONTROL HOUSE

Optimistic Forecasts Made by  
Democratic and Republican  
Leaders.

### VOTE ABOUT EVENLY DIVIDED

Long Organization Fight Believed in Prospect, Unless Coalition Agreement Prevents.

[By Associated Press.]  
WASHINGTON, March 9.—Optimistic forecasts of the control of the next House came quickly from Democratic and Republican leaders to-night when they heard of the President's call for an extra session of Congress on April 16. Many unbiased observers, however, foresee only a long and bitter organization fight, unless a coalition agreement prevents.

Both Speaker Clark and Representatives Woods, of Iowa, chairman of the Republican Congressional Committee, predicted victory for their respective parties. Each said his party was assured of at least 218 votes, and that this probably would be its minimum strength.

The official standing of the incoming House is as follows:  
Republicans, 215; Democrats, 214; Prohibitionists, 1; Progressive, 1; Progressive-Protectionist, 1; Socialist, 1; independent, 1; vacant, 1.

The vacancy exists in the Fifteenth New York district, which is overwhelmingly Democratic. Under the New York law this vacancy can be filled before the extra session begins. Should Governor Whitman call a special election it would make certain a tie at 215 between the Democratic and Republican membership on the opening day of the session. Then the winning side would have to gain the votes of three of the so-called independents to have a majority.

Republican leaders are worried over the illness of three of their members, and the statement of a fourth that he does not favor Representative Mann for Speaker.

### TO BE CALLED IN CALIF SEVERAL DAYS BEFORE

All the newly elected Democratic and Republican members probably will be summoned here for caucus a week or ten days before Congress is reconvened.

Some members of both old parties would not be surprised to see a coalition agreement before April 16, and the state carried through with a rush before the end of the first day. Success of the bipartisan proposal will depend in a great measure on the international situation in a week hence. Neither side proposing to permit weeks of useless balloting for Speaker to be up important government business.

The Democrats control the new Senate by twelve votes, and despite the bitter debates on international problems and its failure to pass the armed neutrality bill, it can be safely counted upon to stand behind the President in almost anything he asks in handling the German situation. The power of each big group of pacifists to defeat legislation would be lessened in a session that might last until December, even without the modified cloture rule which the Senate adopted yesterday.

House leaders say it will make but little difference which party controls that body when it comes to questions involving the handling of international problems, but when the President goes beyond legislation of this character, he may not have such easy sailing.

Although all the appropriation bills that had failed last session have gone through the old House, they must go through the new one again, and must take the usual course through proper committees. These committees cannot be named until the House itself is organized.

### TO FILL VACANCIES IN SENATE COMMITTEES

WASHINGTON, March 9.—Steering committees of the Democrats and Republicans in the Senate got down to work to-day on the matter of committee assignments. The retirement from the Senate of sixteen Senators and the fact that a similar number of Republicans have taken their places have made it necessary to fill many vacancies on standing committees.

The retirement of Senator John W. Kern, of Indiana, has left open the chairmanship of the Committee on Privileges and Elections, and it is expected this will go to Senator Pomerehne, of Ohio. Senator Pomerehne is chairman of the Civil Service Committee, and this chairmanship will go to Senator Hoels, of New Hampshire.

There are three vacancies in the Appropriations Committee, two on the Democratic side and one on the Republican side, due to the retirement of Senators Lea, of Tennessee; Bryan, of Florida, and Oliver, of Pennsylvania, and these places are being eagerly sought. Naval Affairs has lost four members, Senators Bryan, O'Gorman and Johnson, of Maine, Democrats, and Clark, of Minnesota, Republican.

The Foreign Relations Committee has three vacancies, due to the retirement of Senator O'Gorman, Democrat, and Senators Sutherland and Oliver, Republicans.

It was stated to-day that there was no suggestion made that there be a change in the chairmanship of the Foreign Relations Committee, notwithstanding the criticism outside the Senate which has been heaped upon Senator Stone, the present chairman, for his attitude toward the armed neutrality bill.

### Fletcher at Mexico City.

[By Associated Press.]  
MEXICO CITY, March 9.—Henry P. Fletcher, the American ambassador, arrived here to-night, after a trip to Guadalajara, where he presented his credentials to General Carranza.

## REBELS MAY ATTACK AMERICAN MARINES

Turn Back After Fleeing From  
Santiago and Wage Guerilla Warfare.

### GREAT DAMAGE IS WROUGHT

Body of Cuban Government Troops on Way to Re-Enforce Small Garrison.

[By Associated Press.]  
WASHINGTON, March 9.—American marines and bluejackets occupying Santiago, recently the stronghold of the Cuban revolutionists, appear from recent dispatches to be facing the possibility of an attack by the rebel bands waging guerrilla warfare in the city's suburbs.

The dispatches, apparently several hours behind developments, said the rebels had turned back after fleeing the city, and were doing considerable damage around the outskirts in a movement which showed some signs of developing a general attack.

A body of Cuban government troops, under Colonel Betancourt, was reported to be on its way to Santiago to re-enforce the small government garrison, however, and navy officials indicated the rebels would stay out of the city proper and avoid any clash with the Americans.

Although the loss of Santiago is regarded here as marking the collapse of the revolution, it is realized that a continuation of the guerrilla campaign may make serious trouble. When the rebels fled they left a notification that they would continue to refuse allegiance to the Menocal government, and already they are reported to have destroyed several bridges and to have wrought much other damage.

The heaviest fighting in the movement around Santiago developed between rebels and government troops at Palma Soriano, the navy advised, and still was in progress to-day.

The marines and bluejackets landed from the cruiser Olympia, the mine-layer San Francisco and the gunboat Petrel to protect American interests numbered about 500.

### SANTIAGO NOT YET TAKEN BY MENOCAL FORCES

HAVANA, March 9.—The revolutionist stronghold has not yet been taken by the forces of President Menocal. Although news dispatches from Washington indicated that the Menocal troops had entered Santiago up to a late hour to-night officials here were without confirmation of the report. They expressed belief, however, that the city soon would be in the hands of the government troops.

Secretary of the Interior Hevia left Havana late to-day for Colmar, whence he will embark for Santiago, presumably to take charge of the campaign in the Oriente Province.

Among the documents coming into the possession of the authorities with the capture of General Jose Miguel Gomez, leader of the rebels, is one alleged by the authorities to bear the signature of General Gomez, in which the burning of sugar mills and the destruction of cane fields is ordered.

Indications by the rebels last night that they intended to take possession of a part of the sugar-mill property at Palma Soriano, owned by President Menocal, is said to have caused the Cuban executive a financial loss of \$700,000.

### WITHDRAW FOR PURPOSE OF AVOIDING BLOODSHED

NEW YORK, March 9.—The liberal forces have withdrawn from Santiago de Cuba "for the purpose of avoiding bloodshed," according to a cable message received here to-night by Dr. Orestes Ferrara from Rafael Mandery. The rebels, Dr. Ferrara said, the cable stated, have taken "strong positions on the outskirts of the city. A proclamation has been published urging absolute guarantee of life and property to every one." It was declared. Five hundred American marines have landed, and Commander Belknap has gathered that the Menocal troops shall not enter the city.

### DIE RATHER THAN STARVE

German Socialist Says Suicides Are Increasing and Parents Are Killing Their Children.

[By Associated Press.]  
LONDON, March 9.—"Thus far only fragmentary reports on the remarkable debate in the Prussian Cabinet on the food crisis have been printed in the German newspapers," says a dispatch from Reuter's Amsterdam correspondent. The Vorwaerts, received to-day, contains the following passage from the speech of Herr Hofer, a Socialist member of the Prussian Diet:

"The mortality among elderly people is increasing at a terrible rate, while epidemics are spreading everywhere. The situation is much more serious than has been admitted. The number of suicides is increasing, and parents are killing their children owing to their inability to obtain food for them. Yet the price of potatoes, which long ago became generally scarce, is to be increased."

### Spring Fashions

All that is latest and best in material and design of dress goods, millinery, furniture, shoes, jewelry and ready-to-wear clothes will be placed on exhibition by Richmond stores for the united spring opening of the Retail Merchants' Association on Wednesday and Thursday of next week.

Gorgeous window displays and special arrangements of the store interiors will enable Richmonders to see the very newest and most fashionable of cut and texture.

# WILSON DECIDES TO ARM U. S. SHIPS

U. S. in State of Armed Neutrality  
When First Ship With Gun Puts to Sea

[By Associated Press.]  
WASHINGTON, March 9.—Armed neutrality will be the status of the United States the moment the first merchant ship under the American flag puts to sea with cannon mounted on deck, according to President Wilson made this clear in his address to Congress on February 20, when he asked specific authority to arm merchant ships for defense against submarines—the steps he ordered to-day upon his own responsibility.

Writers on international law have held that armed neutrality consists in placing the country in a position to defend itself and its neutrality against threatened attacks or intrusions by belligerents. This state of preparedness may last an indefinite

length of time, through good fortune in avoiding contact with belligerent forces about or ashore or through the design of the belligerent to confine its declaration of purpose to infringe the neutrality of a country to mere threats unsupported by action.

On the other hand, the status of armed neutrality may change into one of actual hostility through a collision—such as a submarine attack on an armed merchantman.

President Wilson has said that it may not be necessary to put armed forces anywhere into action. All will depend upon the future attitude of Germany and the treatment of American ships by German submarine commanders.

### GERMAN HELD FOR PART IN WELLAND CANAL PLOT

Captain Alfred Fritzen, Said to Be  
Naval Officer, Arrested Near  
Los Angeles.

### TRAILED FOR SIX MONTHS

No Papers nor Anything of Incriminating Nature Found in His Possession—Capture Made on Orders From Washington.

[By Associated Press.]  
LOS ANGELES, CAL., March 9.—Captain Alfred Fritzen, said to be a German naval officer, was arrested at Hartwood, near here, late last night by a special agent of the Department of Justice, and held in the city jail on suspicion of felony. The authorities said he was wanted in connection with the alleged plot to destroy the Welland Canal.

The arrest was made on orders from Washington.

"What I know I cannot tell," was the only statement Fritzen would make concerning charges made against him. He said he had been in the United States three years, and recently had made a tour of Cuba.

Federal agents here have been on the watch for Fritzen for six months, they said. They learned that he arrived in Los Angeles yesterday. Several months ago he was here, it was alleged, under the name of "Piper," and worked for a time as a farm hand on the ranch of Frank S. Hart, a wealthy music dealer. His distinguished bearing is said to have impressed the Hart family so that when he returned yesterday he was taken into their home as a guest.

No papers nor anything of incriminating nature have been found in Fritzen's possession.

### INDICTED IN CANAL CONSPIRACY

[By Associated Press.]  
NEW YORK, March 9.—Frederic A. Fritzen, arrested at Hartwood, Cal., last night, was indicted by a Federal grand jury here on April 12, 1916, in an alleged conspiracy hatched in the United States to blow up the Welland Canal.

Indictments were returned also against Captain Franz von Papen, former German military attaché; Wolf von Izel, his secretary; Captain Hans Tauscher, agent in America of the Krupp, and Constantine Covani, alias Giovanni Gonzales.

With the possible exception of Covani, Fritzen is the only one of the alleged conspirators now in this country. Von Papen was sent back to Germany, and Hans Tauscher and Wolf von Izel are returning to Germany. The whereabouts of Covani is not known.

### WORK DONE UNDER DIRECTION OF GERMAN EMBASSY OFFICIALS

NEW YORK, March 9.—Ernest Mathias Sekunna, German chemist, and Chandra Chakrabarty, native of India, made amplified statements to the Federal authorities to-day.

While the grand jury machinery that is expected to result in their indictment was being set in motion, the prisoners, it is said, admitted that their work in this country was done under personal direction of officials of the German embassy.

While orders from Washington sealed the lips of the authorities, the men accused of fomenting East Indian revolts from American soil, talked freely.

"We told everything we know," declared Chakrabarty. "We admitted very frankly that we were conducting anti-British propaganda in India from this country. But we were not a military enterprise, and it is not true that we sent agents to India or to China to arrange for the arming of disaffected East Indians."

"The only man we sent to the Orient was a young student at Columbia University. His name was H. Chinn. But his mission was harmless. He was merely to take a large number of pamphlets, etc., and distribute them."

Chakrabarty said these pamphlets contained expressions from public men such as W. J. Bryan, Andrew Carnegie, Senator La Follette and others favoring the freedom of India.

"When you were in Germany last year you did not meet Dr. Zimmermann and Herr von Jagow?" he was asked.

### PLANS LEGITIMATE IN EVERY RESPECT

"That I cannot answer directly," replied the Hindu. "I was in the Foreign Office in the Wilhelmstrasse, and I met a large number of German statesmen and officials. I discussed my work with them."

(Continued on Third Page.)

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# ORDER IS ISSUED FROM HIS SICK BED IN WHITE HOUSE

Also Calls Congress to Meet  
in Extra Session on  
April 16.

### DETAILS OF GOVERNMENT PLANS ARE WITHHELD

Necessary Preparations for  
Defending Merchant Marine Com-  
pleted at Navy Department.

### ISSUE OF WAR UPON GERMANY

Decision Regarded as Natural and  
Unavoidable Next Step in Sub-  
marine Campaign Policy.

[By Associated Press.]  
WASHINGTON, March 9.—President Wilson from a sick bed to-day ordered the arming of American merchant ships against Germany's ruthless submarine warfare, and at the same time issued a proclamation calling an extra session of Congress to meet on April 16. The President's decision came suddenly late this afternoon, following the action of the Senate yesterday in revising its rules to permit prompt action on important questions and the submission of formal opinions by Secretary Lansing and Attorney-General Gregory that he has the power to arm merchantmen without action by Congress.

Details of the government's armed neutrality plans for defending the merchant marine were withheld to avoid endangering Americans and their ships by permitting the information to reach Germany. The only statement at the White House and the Navy Department was that the President had determined to fully protect American rights.

The decision, coming at the end of a period of tense waiting, was generally hailed as the natural and unavoidable next step in the policy adopted by the President when he broke off diplomatic relations with Germany and gave warning that the United States could not tolerate attacks on American ships and citizens in violation of international law.

### FRUGHT WITH GRAVE POSSIBILITY OF WAR

Frught with the grave possibility of war with Germany, the action was taken by President Wilson only after he was convinced that Germany actually was proceeding with her campaign of ruthlessness and had made efforts to plot with Mexico and Japan against the territorial integrity of the United States.

Long before the order was given from the White House all necessary preparations for the arming of merchantmen had been completed at the Navy Department. Secretary Daniels, however, issued an appeal to the press of the nation to refrain from discussion of these preparations.

The President's action sent a thrill through the Senate, meeting in special session, and through the government departments. Still hoping that war with Germany will be avoided, officials and Senators declared that the issue rests entirely with Germany.

### FORMAL ANNOUNCEMENT OF GOVERNMENT'S POLICY

Formal announcement of the government's policy was given in the following announcement issued from the White House:

"Whereas public interests require that the Congress of the United States should be convened in extra session at 12 o'clock noon on the sixteenth day of April, 1917, to receive such communications as may be made by the executive:

"Now, therefore, I, Woodrow Wilson, President of the United States of America, do hereby proclaim and declare that an extraordinary occasion requires the Congress of the United States to convene in extra session on the sixteenth day of April, 1917, at 12 o'clock noon, of which all persons who shall at that time be entitled to act as members thereof are hereby requested to take notice."

"Given under my hand and the seal of the United States of America the ninth day of March, in the year of our Lord nineteen hundred and seventeen, and of the independence of the United States the one hundred and forty-first."

The President signed the proclamation calling the extra session of Congress and authorized the publication of the explanatory statement with Secretary Tamm standing at his bedside. A severe cold has kept him from seeing callers for three days, and he was put to bed by his physician yesterday.

In deciding that he has power to arm merchantmen, the President took the position that an old statute, passed in 1819, cited in the Senate debate as prohibiting such a step without congressional action, has no application to the present situation. He is satisfied that the nation stands behind him, and accepts the overwhelming vote in the House on the armed neutrality bill and the known opinion of a large majority of the Senate as proof of the attitude of Congress.

### FROM HIS SICK BED

The bill which failed of passage in the House.